

Memorandum



Date: January 20, 2005

To: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

A handwritten signature in black ink, appearing to read "G. Burgess", written over the printed name of George M. Burgess.

Subject: Resolution Approving the Use of Surtax Funds for Small Purchase Orders Used by Miami-Dade Transit for Purchases in Support of Operations for the People's Transportation Plan for the Month of October, 2004

Agenda Item No. 7(J)(1)(G)

RECOMMENDATION

It is recommended that the Board approve the attached resolution approving the use of Surtax Funds for small purchase orders used by Miami-Dade Transit (MDT) for purchases in support of operations for the People's Transportation Plan (PTP) for the month of October, 2004.

BACKGROUND

On October 18, 2004, the Transportation Committee was presented with an item containing a listing of small purchase orders administered by MDT. The item explained that these departmental contracts for goods and services supporting day-to-day operations were typically handled internally and not submitted to the Board. These are contracts under certain dollar thresholds purchasing routine services, equipment, software, lubricants, etc. (as per existing Administrative Orders delegating certain purchasing authorities to the Manager), representing necessary purchases in support of the implementation of the PTP. As such, MDT sought to amend the funding source on these existing County contracts to pay for the goods and services offered with Surtax Funds for that portion of the charges attributable to the costs incurred by MDT since the passage of the Surtax in November, 2002, and through August 31, 2004. The PTP legislation states that the use of any contract involving Surtax Funds must be approved by both the Board and the Citizens' Independent Transportation Trust (CITT); Surtax funding was not listed as one of the approved funding sources at the time of award of these contracts.

In a subsequent item covering small purchase orders for the month of September, the Board was advised that it would receive a similar item every month in order to comply with monthly billing and reimbursement cycles. As such, both the Board and the CITT will be receiving monthly updates seeking approval for the department's small purchase orders. This item covers the month of October, 2004.

As described in previous items, the costs associated with these contracts are handled by MDT by distribution through an allocation model. For many years, MDT has shared the practice of transit properties throughout the nation of expressing its total operational costs in a "cost per mile" dollar figure for each of its four modes of transportation (Metrorail, Metromover, Metrobus and Special Transportation Services). This cost per mile indicates the "real cost" to the department, capturing all administrative, contract, labor and other departmental costs, to

operate each mile of service run by the four modes that comprise our transit system. This cost per mile is arrived at through the use of an allocation model. This allocation model provides a formula that has been used by MDT since the 1980's. The model distributes all of the department's costs across the four modes of transportation and yields a fully allocated cost per mile without distinguishing between the various funding sources that contribute to MDT's budget. Certain costs are directly attributable to one mode or another (for example, bus purchases and bus operator salaries can be fully charged to the bus allocation model) and as such are charged directly and are not allocated among all modes. However, other costs cannot be charged exclusively to one mode. For example, charges related to customer service, warehouse personnel, human resources personnel, etc., cannot be charged to one specific mode because these services support all four modes. The allocation model distributes those costs that are not specific to one mode but support the business of MDT's total activities.

This model has been used to charge the State of Florida and occasionally the Federal government for services and commodities rendered by the department; it is also used as a tool to help in the reports mandated for submission to the Federal government. It is important to note that all transit agencies use some sort of allocation model for distributing their costs. While the specific model is not uniform throughout the country, it is a standard practice to arrive at a cost per mile per mode. It must be noted that this cost per mile is independent of the funding source; the cost per mile is the same for a new mile funded out of Surtax revenues vs. an existing mile funded out of the other MDT operating revenues. This measurement of cost per mile is a standard measurement used for federal allocations and comparison purposes.

The allocation formula itself is a mathematical formula derived from a thorough review of MDT's total activities and assigns differing weights to the agency's expenditures. Again, all costs are included – from specific contracts and commodity purchases to labor and administration. Once all direct and related costs for operating all modes are condensed into the allocation formula (for example, rail charges would include facilities maintenance, utilities, security, customer service, marketing, administrative and operating salaries, etc.), the model determines a dollar cost that accounts for all of these costs and gives us a "real" cost for operating each mile by each mode. The cost per mile for each of the four modes can vary from year to year and is based on the department's approved budget for that year.

At any given point, it is possible that the Surtax could be used towards payment for a portion as small as .0001% of any one of these purchases. Although some of these purchase orders may not be paid for by Surtax funds, MDT was advised by the County Attorney's Office that it was preferable to compile this listing for the BCC and CITT's approval in the event that the mechanics of the distribution of these costs through the allocation formula at some point tap the Surtax for these purchases.

FISCAL IMPACT

The attached listing of small purchase orders for the month of October, 2004, totals approximately \$104,000 and is included in MDT's yearly budget. The amount and number of purchase orders to be used by MDT in any given month is determined by the department's

approved yearly budget. For example, depending on existing inventories and operational needs, there may be no purchases from a particular vendor in a given month. MDT's yearly budget includes funding for this galaxy of goods and services necessary to its daily operations. It is the sum total of these charges, along with internal administrative and labor expenses, that make up the cost per mile.

For Fiscal Year 2004, the cost per mile for rail was budgeted at \$8.36. Of this amount, approximately \$3.87 represents the amount of the cost attributable to contracts. If we assume that half of the small purchase orders were allocated to rail, this would represent approximately \$.06 of the \$3.87. For bus, the total the cost per mile was budgeted at \$6.49. Of this amount, approximately \$1.65 represents the amount of the cost attributable to contracts. If we again, assume that half of the small purchase orders were allocated to bus, this would represent approximately \$.02 of the \$1.65. Based on these costs, the total estimated impact of small purchase orders on the Surtax for the month of October, 2004, is approximately \$20,000.

MDT will present a similar report each month to capture subsequent small purchase orders. Again, any amount charged to the Surtax is based on the increase in operating miles experienced since the passage of the PTP as dictated by the distribution of charges through the allocation formula. As additional service miles are implemented over the years, the sum total of charges will also increase. These charges are part of MDT's operating expenses and are included in the Pro Forma.

MDT is currently working with the Office of Strategic Business Management in an effort to obtain a consultant to update the allocation model that is currently used in determining the cost per mile. Although selection of a consultant was imminent, the Court ruling affecting the County's Black Business Enterprise, Hispanic Business Enterprise, and Women's Business Enterprise programs will necessitate the re-advertisement of this bid. However, once a consultant is selected, a full report on an updated allocation formula will be presented. Please note that the results of this updated formula will likely be a different cost per mile per mode.



Assistant County Manager

Date



MEMORANDUM

(Revised)

TO: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

DATE: January 20, 2005

FROM: Robert A. Ginsburg
County Attorney

SUBJECT: Agenda Item No. 7(J)(1)(G)

Please note any items checked.

- ☐ "4-Day Rule" ("3-Day Rule" for committees) applicable if raised
- ☐ 6 weeks required between first reading and public hearing
- ☐ 4 weeks notification to municipal officials required prior to public hearing
- ☐ Decreases revenues or increases expenditures without balancing budget
- ☐ Budget required
- ☐ Statement of fiscal impact required
- ☐ Bid waiver requiring County Manager's written recommendation
- ☐ Ordinance creating a new board requires detailed County Manager's report for public hearing
- ☐ Housekeeping item (no policy decision required)
- ☐ No committee review

Approved _____ Mayor

Agenda Item No. 7(J)(1)(G)

Veto _____

01-20-05

Override _____

RESOLUTION NO. _____

RESOLUTION APPROVING THE USE OF SURTAX FUNDS
FOR SMALL PURCHASE ORDERS USED BY MIAMI-DADE
TRANSIT (MDT) FOR PURCHASES IN SUPPORT OF
OPERATIONS FOR THE PEOPLE'S TRANSPORTATION PLAN
(PTP) FOR THE MONTH OF OCTOBER, 2004

WHEREAS, this Board desires to accomplish the purposes outlined in the accompanying memorandum, a copy of which is incorporated herein by reference,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board approves the use of Surtax Funds for Small Purchase Orders used by Miami-Dade Transit (MDT) for purchases in support of operations for the People's Transportation Plan (PTP) for the month of October, 2004, in substantially the form attached hereto and made a part hereof.

The foregoing resolution was offered by Commissioner _____, who moved its adoption. The motion was seconded by Commissioner _____ and upon being put to a vote, the vote was as follows:

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Joe A. Martinez, Chairman
Dennis C. Moss, Vice-Chairman

Bruno A. Barreiro
Jose "Pepe" Diaz
Sally A. Heyman
Dorrin D. Rolle
Katy Sorenson
Sen. Javier D. Souto

Dr. Barbara Carey-Shuler
Carlos A. Gimenez
Barbara J. Jordan
Natacha Seijas
Rebeca Sosa

The Chairperson thereupon declared the resolution duly passed and adopted this 20th day of January, 2005. This resolution shall become effective as follows: (1) ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board, and (2) either i) the Citizens' Independent Transportation Trust (CITT) has approved same, or ii) in response to the CITT's disapproval, the County Commission re-affirms its award by two-thirds (2/3) vote of the Commission's membership and such reaffirmation becomes final.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF COUNTY
COMMISSIONERS

HARVEY RUVIN, CLERK

Approved by County Attorney as
to form and legal sufficiency.



Bruce Libhaber

By: _____
Deputy Clerk

Miami-Dade Transit
Small Purchase Order
For the period October 1, 2004 - October 31, 2004

ADPCS PO#	DATE	REQUISITION #	VENDOR	DESCRIPTION	TOTAL \$AMOUNT
POMT0500003	10/15/2004	5-65947	Visual Impact Group Inc.	T-shirts, Corporate Run	\$952.00
POMT0500004	10/4/2004	RQ205564	Dictaphone Corporation	Battery, #425492 for dictaphone logging unit	\$130.80
POMT0500017	10/4/2004	RQ202720	Freightliner Trucks of South Florida	Water pump	\$427.59
POMT0500019	10/8/2004	5-70218	Kauff's of Miami Inc.	Towing Services, covers 15 invoices	\$3,940.55
POMT0500021	10/8/2004	5-70219	DBA Kauff's Transportation System	Towing Services, covers 9 invoices	\$1,998.77
POMT0500022	10/8/2004	5-70220	Kauff's of Miami Inc.	Towing Services, covers 8 invoices	\$1,561.39
POMT0500023	10/8/2004	5-70217	DBA Kauff's Transportation System	Towing service, covers 24 invoices	\$5,299.00
POMT0500024	10/8/2004	5-70123	Marina Park Inn Co.	ITS Architecture Consistency Course	\$1,700.00
POMT0500035	10/14/2004	5-65617	Alison Group Inc.	EK5400 Prespective Series Keyring	\$845.00
POMT0500039	10/14/2004	5-70204	Kauff's of Miami Inc.	Towing Service, covers 7 invoices	\$1,387.77
POMT0500041	10/14/2004	5-70206	DBA Kauff's Transportation System	Towing service, covers 3 invoices	\$647.39
POMT0500042	10/14/2004	5-70205	Kauff's of Miami Inc.	Towing Service, covers 9 invoices	\$1,837.50
POMT0500043	10/14/2004	5-70203	DBA Kauff's Transportation System	Towing service, covers 12 invoices	\$2,436.00
POMT0500044	10/18/2004	5-68689, IC015498	Burglar Buster Alarms Inc.	Audio visual equipment & supplies	\$9,453.00
POMT0500045	10/18/2004	5-68689, IC015497	DBA Syntech Engineering	Audio visual equipment & supplies	\$9,590.00
POMT0500046	10/18/2004	5-68689, IC015499	Burglar Buster Alarms Inc.	Audio visual equipment & supplies	\$5,136.00
POMT0500047	10/18/2004	Z0001980	P S Systems Inc.	Repair to fan pumps & motors, covers 4 invoices	\$9,381.60
POMT0500048	10/18/2004	RQ067788	Hydradyne Hydraulics LLC	LD FV101Breather, Inv. #1-6966B-01	\$182.80
POMT0500051	10/18/2004	5-70226	Kauff's of Miami Inc.	Towing service, covers 7 invoices	\$1,494.96
POMT0500052	10/18/2004	5-70225	DBA Kauff's Transportation System	Towing service, covers 16 invoices	\$3,319.84
POMT0500053	10/19/2004	5-68282	Alles of Florida Inc.	Domino Amjet black ink & make up cartridge, & black ink reservoir	\$1,418.50

Miami-Dade Transit
Small Purchase Order
For the period October 1, 2004 - October 31, 2004

POMT0500054	10/19/2004	5-69539	Miami Design Builders Inc.	Drill holes in 1500 bus stop sign poles	\$2,625.00
POMT0500056	10/19/2004	RQ205653	Bridon American Corp. DBA Certex	Cable, SS, 3/8" x 220', w/Timble, Nylon covered	\$247.50
POMT0500057	10/19/2004	5-70223	Kauff's of Miami Inc. DBA Kauff's Transportation System	Towing service, covers 17 invoices	\$3,285.17
POMT0500058	10/19/2004	5-70224	Kauff's of Miami Inc. DBA Kauff's Transportation System	Towing services, covers 20 invoices	\$4,493.73
POMT0500061	10/21/2004	5-67536	Annat Inc. DBA Municipal Supply & Sign Co.	Bus Stop Sign Display unit	\$9,985.00
POMT0500067	10/22/2004	5-67004	Wausau Tile Inc.	Replacement plastic liner & replacement top for trash containers	\$1,950.00
POMT0500070	10/25/2004	5-67004	Total Connection Inc.	Replacement plastic liner & top for trash containers	\$2,224.80
POMT0500077	10/26/2004	RQ206882	Euclid Products Co. Inc. DBA Main Fare Box Co.	Chute & light assy., minibus, fare box	\$414.88
POMT0500078	10/26/2004	5-74047	Greater Miami Caterers Inc.	Box lunches for Hurricane workers on 9/25/04 & 9/26/04, Order #EOC92604	\$9,000.00
POMT0500080	10/28/2004	5-695-4	Southern Electric Supply Co. Inc.	Exothermic welding joint tester, P/N NDB AL40	\$5,790.00
POMT0500082	10/28/2004	RQ198404	LR Alliance Manufacturing Inc.	Insert, receiver brass block, P/N MET-115	\$427.00

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